

# EPA Frequent Questions on Grant Issues in Response to the Novel Coronavirus (COVID-19) Public Health Emergency

**Last Updated: March 27, 2020**

COVID-19 may have an impact on EPA financial assistance agreements. This Q&A document supplements [OMB’s March 19, 2020, M-20-17 Guidance Memorandum \(March 19, 2020, OMB Guidance\)](#) and provides information to applicants for, and recipients of, EPA grants and cooperative agreements regarding the impacts of COVID-19. The Office of Grants and Debarment (OGD) recognizes that the situation surrounding COVID-19 is constantly changing and this document will be updated as needed based on additional guidance from OMB or as otherwise appropriate.

For the purposes of these Q&As, the term “grant” also includes cooperative agreements.

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**Grant Operations:**

Q: Will EPA grant operations be impacted by the telework enacted in response to the COVID-19?

A: Grant operations are expected to be fully functional during the telework enacted in response to the COVID-19 virus. The Agency's grants management offices (headquarters and regional) are fully capable of performing grants functions remotely.

**Process for requesting extensions, waivers, and amendments:**

Q: How should EPA grant recipients request that EPA provide them administrative relief from a requirement due to COVID-19?

A: Recipients should email their Grant Specialist (GS) for the agreement and send a copy to their Project Officer (PO) and provide a description of the action they want EPA to take. The email should include a brief justification that includes how the COVID-19 public health crisis has impacted their ability to comply with a requirement in the agreement. An authorized EPA official such as an Award Official, Grant Management Officer or Associate Grant Management Officer will provide EPA's decision on the request via email. Depending on the type of action, the grant agreement may also be amended.

**Recipient Personnel Compensation:**

Q: Can EPA grant recipients continue to compensate employees whose work on EPA financial assistance agreements has been interrupted due to the impact of COVID-19?

A: Yes, as long as the recipient also compensates employees whose salaries or benefits are funded from other sources. The March 19, 2020 OMB Guidance interprets the basic considerations for the allowability of costs (2 CFR § 200.403, 2 CFR § 200.404, 2 CFR § 200.405) as follows:

Awarding agencies may allow recipients to continue to charge salaries and benefits to currently active Federal awards consistent with the recipients' policy of paying salaries (under unexpected or extraordinary circumstances) from all funding sources, Federal and non-Federal.

In other words, if the recipient compensates employees who work on interrupted projects or activities that are not financed by EPA grants, then the recipient may charge EPA grants for the employees' compensation during the interruption.

Recipients must, as required by 2 CFR 200.405, ensure that personnel costs charged to EPA grants are distributed in proportion to the benefits accruing to the EPA funded project. For example, if 100% of the employee's compensation has been charged to the EPA grant throughout the performance period then the recipient may continue to charge 100% of the employee's time to the grant even though project performance has been interrupted. For employees whose compensation is only partially charged to the EPA grant, the recipient must make a reasonable allocation based on actual charges for the employees' compensation throughout the performance period. As required by 2 CFR 200.302 and 2 CFR 200.333,

recipients must maintain documentation of the basis for charging compensation of affected employees to their EPA grant.

**Administrative Leave:**

Q: If an EPA grant recipient permits their employees administrative leave to comply with social distancing guidance from public officials, are the costs allowable?

A: There is a regulatory provision in [2 CFR 200.431 Compensation-fringe benefits](#) governing administrative leave and other fringe benefits for recipient employees working on grant funded projects if administrative leave is necessary. Additional guidance for recipients on allocating fringe benefit costs is available in the “Fringe Benefits” section of EPA’s [Interim General Budget Development Guidance for Applicants and Recipients of EPA Financial Assistance](#). However, it may not be necessary to use administrative leave to compensate employees whose work on the financial assistance agreement has been interrupted due to the impact of COVID-19. Recipients may continue to compensate these employees as long as the recipient also compensates employees whose salaries or benefits are funded from other sources.

**Resumption of Operations:**

Q: If an EPA grant recipient incurs unanticipated costs in resuming performance of an EPA grant after the impact of the COVID-19 public health emergency diminishes, are those costs allowable?

A: Yes, although absent EPA providing supplemental funding the recipient must absorb the additional costs within the limits of the amount of the award.

The March 19, 2020, OMB Guidance provides “. . . agencies may allow other costs to be charged to Federal awards necessary to resume activities supported by the award, consistent with applicable Federal cost principles and the benefit to the project.” The cost principles at 2 CFR 200.403(b) provide that the allowability of costs is limited to the amount specified in the award. As with approval of other unanticipated COVID-19 related costs, the recipient must provide EPA’s GS and PO with documentation of why the unanticipated costs for resuming performance are reasonable and necessary.

**Waiver of prior approvals:**

Q: May EPA waive prior approval requirements specified at [2 CFR 200.407](#) if a waiver is necessary to address COVID-19 related concerns?

A: Yes. EPA may waive prior approval requirements on a case by case basis.

The March 19, 2020, OMB Guidance states:

. . . agencies are authorized to waive prior approval requirements as necessary to effectively address the response.” All costs charged to Federal awards must be consistent with Federal cost policy guidelines and the terms of the award, except where specified in [the March 19, 2020 OMB Guidance]”.

The recipient must provide EPA's GS and PO with an explanation for why waiver of the prior approval requirement is reasonable and necessary.

**Cancellation fees:**

Q: Are cancellation fees for travel or facility rental allowable?

A: Generally, yes. As the March 19, 2020, OMB guidance states, “. . . agencies may allow recipients who incur costs related to the cancellation of events, travel, or other activities necessary and reasonable for the performance of the award, or the pausing and restarting of grant funded activities due to the public health emergency, to charge these costs to their award . . . “. Nonetheless, OMB also states that “. . . agencies must advise recipients that they should not assume additional funds will be available should the charging of cancellation or other fees result in a shortage of funds to eventually carry out the event or travel.” Any determinations by authorized EPA officials provided to recipients that travel or facility rental cancellation costs are allowable must include a statement indicating that the recipient should not assume additional funds will be available if the costs for cancellation or other fees result in a shortage of funds to eventually carry out the award.

1. Travel. At this time, allowability of travel cancellation costs will be assessed on a case by case basis. Recipients should document the facts concerning any cancellation, e.g., carrier cancellation policies as adjusted for waivers due to the COVID-19 public health emergency, to substantiate the charging of cancellation costs and provide this information to the GS and PO.
2. Meeting Facilities. As with travel, the allowability of meeting facility cancellation fees will be determined on a case by case basis. Facility cancellation fees must be based on the venue's standard practices and consider any cancellation fee waivers or discounts offered due to the COVID-19 public health emergency. Recipients must provide the PO and GS with documentation to support payment of meeting facility cancellation fees.

**Project period extensions, changes to workplans, etc.:**

Q: Will EPA modify workplans, adjust budgets, and extend project periods of grants if necessary?

A: Yes. The March 19, 2020, OMB Guidance provides:

To the extent permitted by law, awarding agencies may extend awards which were active as of March 31, 2020, and scheduled to expire prior or up to December 31, 2020, automatically at no cost for a period of up to twelve (12) months. This will allow time for recipient assessments, the resumption of many individual projects, and a report on program progress and financial status to agency staff. Project-specific financial and performance reports will be due 90 days following the end date of the extension. Awarding agencies will examine the need to extend other project reporting as the need arises.

EPA anticipates that there will be an increase in no-cost extensions/amendments and project period waiver requests. EPA can modify workplans, adjust budgets, and extend the period of performance for grants to address the impacts of COVID-19, consistent with applicable law relating to the availability of

appropriations or otherwise, [2 CFR 200.308](#), equivalent provisions of 40 CFR Part 35, and the General Term and Condition “Transfer of Funds” for recipients if necessary. Note that there may be limitations on modifications to workplans of competitive grants as indicated in the first question below under “Competitive Grants”.

**Continuation of Non-Competitive Awards:**

Q: What documentation does EPA require for resumption of non-competitive awards?

A: The March 19, 2020, OMB Guidance states:

For continuation requests scheduled to come in from April 1, 2020 to December 31, 2020, from projects with planned future support, awarding agencies may accept a brief statement from recipients to verify that they are in a position to: 1) resume or restore their project activities; and 2) accept a planned continuation award. . . . Awarding agencies will examine the need to extend this approach on subsequent continuation award start dates as recipients have an opportunity to assess the situation.

Recipients should follow the procedures described above under “Process for requesting extensions, waivers, and amendments” for contacting their GS and PO to submit a continuation request.

**Projects that cannot be carried out due to COVID-19 related disruptions:**

Q: If an EPA grant recipient is carrying out a project that will not be completed due to delays in performance what will EPA do?

A: The March 19, 2020, OMB Guidance provides “. . . agencies may also evaluate the grantee's ability to resume the project activity in the future and the appropriateness of future funding, as done under normal circumstances based on subsequent progress reports and other communications with the grantee.” When a project cannot be carried out, and the scope of work cannot be revised to provide for other allowable activities, EPA will work with the recipient to partially terminate the agreement. For example, if a project requires sampling during a particular season and the time limited funds (i.e., EPM and S&T) EPA obligated for the grant will no longer be legally available to pay the grantee when the next sampling season takes place then a partial termination may be required.

Q: How will the Agency handle partial terminations/deobligation of funds for projects or portions of projects that cannot be rescheduled?

A: Partial terminations should be handled cooperatively under [2 CFR 200.339\(a\)\(3\) or \(a\)\(4\)](#).

Q: If an EPA grant recipient is forced to lay off employees due to COVID-19 related project terminations, are the costs for severance packages allowable?

A: If recipients are forced to temporarily or permanently lay off personnel compensated with EPA financial assistance due to COVID-19 impacts, the allowability of severance costs will be determined by EPA as the awarding agency or the recipient's cognizant agency for indirect costs, as appropriate, under

[2 CFR 200.431\(i\)](#). Grants Management Officers (GMOs) will coordinate with the cognizant agency if a recipient requests reimbursement for severance costs.

**Redirection of EPA Grant Funds:**

Q: May EPA grant funds be redirected toward COVID-19 response activities?

A: It depends on whether EPA has statutory authority to fund the proposed activities and the scope of work for the grant. EPA does not have the authority to waive statutory requirements. If the activities are not consistent with a grant work plan but are consistent with the statutory authority for the grant, the workplan could be amended to allow a recipient to fund the activities, particularly for non-competitive awards. Performance Partnership Grants (PPG) may provide recipients with some flexibility to use funds for various eligible program activities that are within the scope of the PPG.

Recipients should contact their Project Officer and provide detailed information regarding the nature of the COVID-19 response activities that the recipient wants to carry out. An authorized EPA official will then provide the recipient with a determination on whether the activities are within the current scope of work or whether EPA will allow the recipient to modify the work plan to include the activities.

**Sole Source Procurements:**

Q: If an EPA grant recipient legitimately needs the immediate support of a contractor to respond to a COVID-19 situation by carrying out activities within the scope of the grant, can it hire the contractor noncompetitively and without EPA approval?

A: Yes, the 2 CFR Part 200 Procurement Standards contain a specific competition exception for emergency purchases if the circumstances will not permit a delay resulting from competitive solicitation. Please refer to [2 CFR 200.320\(f\)\(2\)](#).

**Other Procurement Flexibilities:**

Q: Can EPA waive any other provisions of the Procurement Standards in 2 CFR Part 200, if necessary, to respond to COVID-19?

A: Yes. The March 19, 2020, OMB Guidance states “. . . agencies may waive the procurement requirements contained in 2 CFR § 200.319(b) regarding geographical preferences and 2 CFR § 200.321 regarding contracting small and minority businesses, women's business enterprises, and labor surplus area firms.” However, EPA has agency specific regulations at [40 CFR Part 33](#) on contracting with Disadvantaged Business Enterprises. Please see <https://www.epa.gov/grants/dbe-part-33-exceptions> for instructions on how to request a waiver for all, or portions thereof, 40 CFR Part 33.

**Extensions of Reporting Periods:**

Q: Will EPA extend the dates for financial and performance reporting if a recipient impacted by COVID-19 is unable to comply with existing requirements?

A: Yes. As stated in the March 19, 2020, OMB Guidance:

Awarding agencies may allow grantees to delay submission of financial, performance and other reports up to three (3) months beyond the normal due date. If an agency allows such a delay, grantees will continue to draw down Federal funds without the timely submission of these reports. However, these reports must be submitted at the end of the postponed period. In addition, awarding agencies may waive the requirement for recipients to notify the agency of problems, delays or adverse conditions related to COVID-19 on a grant by grant basis (200 CFR 200.328(d)(1)).

The recipient must provide an appropriate written justification for delays in reporting. Under [2 CFR 200.327](#) (financial reporting) and [2 CFR 200.328](#) (performance reporting), EPA can take unusual circumstances into account and make adjustments to reporting requirements subject to the 3 month limitation in the March 19, 2020, OMB Guidance. These adjustments may also require waiving reporting provisions in Terms and Conditions. An authorized EPA official must amend the award to adjust the reporting requirements.

**Extensions of Indirect Cost Rates:**

Q: If a recipient is unable to obtain a current indirect cost rate from its cognizant agency due to COVID-19 related disruptions will EPA allow the recipient to continue to use an expired rate?

A: Yes, for one additional year. The March 19, 2020, OMB Guidance provides:

Awarding agencies may allow grantees to continue to use the currently approved indirect cost rates (i.e., predetermined, fixed, or provisional rates) to recover their indirect costs on Federal awards. Agencies may approve grantee requests for an extension on the use of the current rates for one additional year without submission of an indirect cost proposal. Agencies may also approve grantee requests for an extension of the indirect cost rate proposal submission to finalize the current rates and establish future rates.

Recipients should follow the procedures in EPA's [Indirect Cost Rate Guidance](#) for requesting extensions of expired IDC rates.

**Extensions of due dates for closeout reports:**

Q: Will EPA extend the due dates for reports required under 2 CFR 200.343 to close out grants if the recipient cannot provide the information due to COVID-19 related disruptions?

A: Yes, provided the recipient submits the report within one year of the expiration of the performance period for the grant. The March 19, 2020, OMB Guidance states:

. . . agencies may allow the grantee to delay submission of any pending financial, performance and other reports required by the terms of the award for the closeout of expired projects,



provided that proper notice about the reporting delay is given by the grantee to the agency. This delay in submitting closeout reports may not exceed one year after the award expires.

**Extensions of due dates for Single Audits:**

Q: May EPA recipients and subrecipients with EPA as their cognizant or oversight agency delay filing of their Single Audits with the Federal Audit Clearinghouse due to disruptions caused by the COVID-19 public health emergency?

A. Yes, the March 19, 2020, OMB Guidance provides:

Awarding agencies, in their capacity as cognizant or oversight agencies for audit, should allow recipients and subrecipients that have not yet filed their single audits with the Federal Audit Clearinghouse as of the date of the issuance of this memorandum that have fiscal year-ends through June 30, 2020, to delay the completion and submission of the Single Audit reporting package, as required under Subpart F of 2 CFR § 200.501 -*Audit Requirements*, to six (6) months beyond the normal due date. **No further action by awarding agencies is required to enact this extension. This extension does not require individual recipients and subrecipients to seek approval for the extension by the cognizant or oversight agency for audit;** however, recipients and subrecipients should maintain documentation of the reason for the delayed filing. Recipients and subrecipients taking advantage of this extension would still qualify as a "low-risk auditee" under the criteria of 2 CFR § 200.520 (a)- *Criteria for a low-risk auditee*.

(Emphasis added)

EPA interprets the above bolded text provision in the March 19, 2020 OMB Guidance to provide recipients with fiscal years that end from March 19, 2020 through June 30, 2020 with an automatic 6-month extension of the date for filing their Single Audit.

**Grant Competitions:**

Q: Can EPA grantees change the activities in the scope of work for competitive grants?

A: This depends on whether the new or modified activities amount to a material change to the scope of work of the grant. Out of scope changes under competitive awards that involve activities that are integral to the project EPA selected for funding are generally not permitted.

Q: What is EPA doing to accommodate challenges applicants experience in preparing applications due to COVID-19?

A: Organizations and governmental entities all over the United States may be experiencing disruptions due to COVID-19. For this reason, applicants may need more time to prepare, complete, and submit applications for EPA competitive grant opportunities. EPA program offices are considering extending the due date for any competitive funding opportunities currently posted on Grants.gov and allow for longer open periods than the usual 45 days for funding opportunities they expect to announce in the next few

weeks. Applicants should check the posted announcements or email points of contact listed in the announcements for additional information.

Q: What flexibilities are available for applicants that have difficulty registering for SAM.gov and cannot submit applications to EPA through Grants.gov?

A: The Office of Management and Budget's March 19, 2020 OMB Guidance says that agencies can "relax the requirement for active System for Award Management (SAM) registration at time of application in order to expeditiously issue funding" but that applicants must be registered in SAM.gov in order to get an award. It also says that "current registrants in SAM with active registrations expiring before May 16, 2020 will be afforded a one-time extension of 60 days." It is EPA's understanding that Grants.gov is working on the technical issues to allow non-individual applicants (which represent almost all of EPA's applicant and grantee community) to apply electronically through [Grants.gov](https://www.grants.gov) without an active SAM registration. However, until Grants.gov provides a workaround in its system, EPA will provide flexibility to EPA applicants who are experiencing operational capacity or other issues due to COVID-19 consistent with the above OMB guidance.

Applicants for EPA funding opportunities (particularly competitive ones) that are experiencing technical difficulties in applying for an opportunity because of SAM.gov registration issues may submit their applications via an alternative method, such as email. As described in the instructions in Section IV of competitive solicitations, applicants should contact the point of contact listed in Section VII of the funding opportunity they are interested in to notify them of the issue and request approval to submit the application outside of Grants.gov. Applicants of noncompetitive opportunities should contact the EPA point of contact they have been working with. Please note that applicants afforded this flexibility should still initiate registration with SAM.gov by the time of application submission to the extent possible. If they are selected for award, not having an active SAM registration will delay the processing of the award because they must have an active SAM registration for EPA to issue an award. If you have any questions, please contact your EPA program point of contact.

Q: Can applicants submit their applications outside of Grants.gov due to the challenges associated with COVID-19?

A: Generally, applicants for both competitive and non-competitive opportunities should continue to submit their applications to EPA electronically through Grants.gov. However, there are limited exceptions to this requirement under certain circumstances. As is standard policy, if an applicant has internet accessibility issues (related to COVID-19 or not) that prevent them from using Grants.gov, they may request a [Grants.gov Exception](#). Instructions for how to request a Grants.gov Exception are contained in competitive announcements and can also be found [here](#). On a case by case basis, applicants may also request permission from the applicable program or grants office to submit their competitive or non-competitive application outside of Grants.gov due to unforeseen exigent circumstances for a specific opportunity. Submittal issues related to COVID-19 may qualify as unforeseen exigent circumstances. Please also see FQ on SAM.gov listed above. If you have any questions on application submission issues through Grants.gov please contact your EPA program point of contact.

